

DOCKET SECTION

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

RECEIVED
OCT 31 4 48 PM '97

POSTAL RATE AND FEE CHANGES, 1997

POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY
Docket No. R97-1

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORY OF MAJOR MAILERS ASSOCIATION (MMA/USPS-FU-1)

The United States Postal Service hereby provides a response to the following
interrogatory of Major Mailers Association: MMA/USPS-FU-1, filed on October 21,
1997.

The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Susan M. Duchek

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2990; Fax -5402
October 31, 1997

**RESPONSE OF UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF THE MAJOR MAILERS ASSOCIATION**

MMA/USPS-FU-1

In the Postal Service's October 16 Response, on the page designated as "Attachment to Response to MMA/USPS-T32-15(B) et al., page 3, PRC-30F, Page 2 of 2," please refer to line 14. There the Postal Service has provided two adjustments to institutional costs (all expressed in \$000). One adjustment pertains to air transportation (\$-3955); the other to delivery confirmation costs (\$27,312). The result of these two adjustments increases the LR-215 institutional costs of \$21,379,790, by \$23,357. The adjusted institutional costs thus become \$21,403,147.

- (A) Please explain the rationale for the two adjustments to the LR-H-215 institutional costs, as shown (sic) in line 14 of PRC-30F.
- (B) When Exhibit USPS 30-F was revised on September 19, 1997, why were similar adjustments not made to the Postal Service's institutional cost of \$26,683,278, as shown in line 50 of Exhibit 50 (sic) of Exhibit USPS-30B (rev.)?

Response:

- (A) These adjustments are necessary because both Air Transportation (as treated before the 9-19-97 revision) and the Delivery Confirmation adjustment involve non-volume-variable costs as well as volume-variable costs. Note that the Delivery Confirmation adjustment was not changed on 9-19-97; the non-volume variable costs for Delivery Confirmation have always been included in line 50 of Exhibit USPS-30B.
- (B) The non-volume-variable cost on line 50 of Exhibit USPS-30B was in fact revised on 9-19-97, to \$26,683,278 from \$26,698,560 in the 8-22-97 revision, a reduction of \$15,282 (there is an offsetting increase in volume-variable cost, so total cost is unchanged). The difference between this \$15,282 reduction and the reduction of \$3,955 shown on PRC-30F page 2, line 14 reflects differences in costing methodology.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.



Susan M. Duchek

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2990; Fax -5402
October 31, 1997